

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NORTH MARSHALL WATER DISTRICT)	
APPLICATION FOR (1) CERTIFICATION)	
OF PUBLIC CONVENIENCE AND NECESSITY)	
(2) APPROVAL OF FINANCING THROUGH)	CASE NO. 94-003
K.I.A. (3) GENERAL RATE INCREASE)	
(4) REQUEST FOR APPROVAL OF)	
VARIANCE ON FINANCIAL DATA)	

O R D E R

On June 30, 1994, the Commission received a motion for rehearing from Bessie Elliott, an intervenor. Ms. Elliott requests the Commission rehear this case for three reasons:

"(1) The homeowner had no way of knowing in advance of how the P.S.C. would set the rate increase for homeowner.

(2) We feel the rate structure is unreasonable and unfair for homeowner in general.

(3) The rate structure will create a[n] unreasonable hardship for low and fixed income. May be a discrimination."

The Commission finds that Ms. Elliott's motion for rehearing should be denied. The rate application filed by North Marshall Water District ("North Marshall") set out a rate structure the utility proposed to implement. The rate structure specified the rates to be charged each particular class of customers. North Marshall was required to, and did, publish notice of its proposed rate increase in a newspaper of general circulation in the area it serves. The notice explicitly stated that the rates proposed by North Marshall might not be accepted and that the rates established

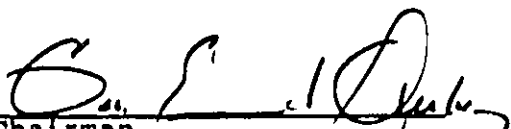
or approved by the Commission could differ from the proposal. Furthermore, Commission Staff prepared a detailed staff report of its rate recommendation utilizing its findings from a complete cost-of-service study, which was distributed to the Commission, the applicant, and the intervenors in advance of the administrative hearing. Therefore, everyone was well aware of the rates proposed for Commission consideration.

Furthermore, the Commission Staff engaged in an extensive review of North Marshall's operations and performed a cost-of-service study to determine which classes of customers were responsible for each portion of the utility's expenses. The Commission based its final rate decision on a modified version of that cost-of-service study. Therefore, the rate structure is fair, just, and reasonable to each class of customer and results in no discrimination between classes.

IT IS THEREFORE ORDERED that Bessie Elliott's motion for rehearing be and hereby is denied.

Done at Frankfort, Kentucky, this 18th day of July, 1994.

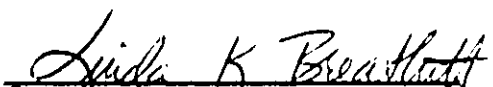
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner